mechanical equipment used in small Hydro-electricity projects. The country also has indigenous capabilities for designing and developing SHP projects. Technological upgradations are regularly done by the manufacturers keeping in line with International developments in the small hydro sector. Over the last few years, special effort have been made by technical institutions like AHEC-Roorkee, IIT-Delhi etc. as well as by private manufacturers to develop small size hydro equipment for stand alone application and for improving the designs of water mills (gharats) for mechanical as well as electricity generation appplications. 79 SHP projects aggregating about 230 MW have been set up in the country over the last three years and most of these SHP projectss have used indigenous technology. 143 demonstration water mills (gharats) with improved designs have also been installed in J&K, Uttaranchal, Himachal Pradesh and Arunachal Pradesh during this period.

Tripartite agreement between States, Union Government and RBI

835. DR. T. SUBBARAMI REDDY:
SHRIMATI AMBIKA SONI:

Will the Minister of POWER be pleased to State:

(a) whether Andhra Pradeh and West Bengal have signed a tripartite agreement with the Union Government and Reserve Bank of India for the Securitisation of outstandings that their electricity owe to the central power utility—National Thermal Power Corporation;

(b) if so, what are the main points of the agreement reached;

(c) whether any other State have also signed such agreement with the Union Government and Reserve Bank of India;

(d) if so, the details thereof; and

(e) to what extent it will be helpful to improve the power situation in these States?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) On the basis of the recommendations of the Expert Group under the Chairmanship of Montek Singh Ahluwalia that was endorsed, with minor modifications, by the High Level Empowered Group of Chief Ministers under the Chairmanship of

Deputy Chairman of the Planing Commision, the Government of India approved the scheme of one-time settlement of outstanding dues on 17-04-2002 and on 20-05-2002 circulated a modified Tripartite Agreement (TPA) that is be signed among the State Government, Government of India and the Reserve Bank of India. Government of Andhra Pradesh has signed the TPA. The Government of West Bengal had signed the TPA circulated earlier in July, 2001. This was returned with a request to sign the modified TPA, which is yet to be received from the Government of West Bengal.

(b) The salient features of the one-time settlement scheme and the TPA are:

1. For the States participating in the scheme, 60% of the interests/ surcharge on the delayed payments as on 30-09-2001 would be waived off.
2. The rest of the dues comprising the full principal amount as well as the remaining 40% of the interest/surcharge to be securitised through bonds issued by the respective State Governments.
3. The bonds will be issued through RBI at a tax-free interests rate of 8.5% per annum. The term of bonds should be structured to achieve a moratorium of 5 year on repayment of principal with the entire principal being repaid between the 6th and 15th year. These bonds should be identical to the bods issued in connection with the market borrowings of State Governments with the attendant discipline in repayments. The bonds will be subject to lock in restrictions that will allow release of only 10 per cent of the bonds in the secondary market each year.
4. For ensuring timely payment of current dues in future, defaults in current payment for power/fuel to attract a graded reduction in the supply of power from central power stations and in coal supplies. Payments that remain outstanding after 90 days from the date of billing shall be recovered, on behalf of the CPSUs, by the Ministry of Finance through adjustment against releases due to the respective State Government on account of plan assistance, States' share of Central tax and any other grant or

loan.

5. In order to initiate steps towards reform of the sector, the State Electricity Boards-State Governments to accept reform-based performance milestones such as setting up of State Electricity Reforms Commission (SERC), metering of distribution feeders, improvement in revenue realisation specified in the Memorandum of Understanding (MoU) signed/to be signed with the Ministry of Power.

6. The States to be offered incentives for complying with the scheme. If SEBs do not default on their current due and adhere to the performance milestones, CPSUs would pay them, bi-annual cash incentives equal to 3% of the value of bonds in the first year, 2.5% in the second year and 2% in the third and fourth years (incentive of 19% for four years). Further, if SEBs open and maintain Letters of Credit (LCs), CPSUs would pay them a one time cash incentive equal to 2 per cent of value of bonds. In addition, States undertaking reforms would also be assisted through the Accelerated Power Development and Reform Programme (APDRP) grants and discretionary allocation of Power.

7. The States that withhold their consent beyond 60 days after this scheme enters into force will be denied any share in the discretionary allocation of 15 per cent from the power stations of CPSUs as well as any assistance under the APDRP. If the overdues of such States exceeds Rs. 50 crore in repect of any CPSUs, they would also attract reduction in power and coal supplies, available to the States participating in this scheme.

8. Outstanding dues as on 30-09-2001 would form the basis of the one time settlement. Dues that accrue after this date would not form part of the scheme. Individual CPSUs and States can consider exchanging bonds for the outstanding.

9. The scheme covers the outstanding dues of payable by the SEBs to the National Thermal Power Corporation ('NTPC), National Hydro-electric Power Corporationn (NHPC), North Eastern Electric Power Corporation (NEEPCO), Damodar Valley Corporation (DVC) and Power Grid Corporation of India (PGCIL)

under the Ministry of Power, Coal India Limited (CIL) and its subsidiaries and Neyveli Lignite Corporation (NLC) under the Department of Coal, Nuclear Power Corporation (NPL) under the Department of Atomic Energy and the Ministry of Railways.

(c) and (d) Yes, Sir.

Twelve State Governments, namely, the Governments of Andhra Pradesh, Assam, Chhattisgarh, Goa, Gujarat, Haryana, Jammu and Kashmir, Karnataka, Madhya Pradesh, Punjab, Tamil Nadu and Uttar Pradesh have signed the TPA. Nine other State Governments, namely, the State Governments of Bihar, Himachal Pradesh, Kerala, Maharashtra, Nagaland, Orissa, Rajasthan, Uttaranchal and West Bengal have agreed 'in-principle' to sign the TPA.

(e) The scheme would:

(i) Facilitate settlement of outstanding dues of over Rs. 43000 crore payable by the SEBs to the CPSUs as on 30-09-2001.

(ii) Assist the reforms process in the States by cleaning up the books of SEBs/Utilities, and

(iii) Through Accelerated Power Development and Reform Programme (APDRA) grants and discretionary allocation of Power would be made.

These measure are expected to improve the financial health of SEBs and thus make the sector viable for fresh investments.

Joint venture projects with State Government and NTPC

836. SHRIMATI AMBIKA SONI:
DR. T. SUBBARAMI REDDY:

Will the Minister of POWER be pleased to State:

(a) whether in a bid to make the States more responsible and ensure financial viability of their projects, the Union Government has decided to initiate joint venture projects with State Government and National Thermal Power Corporation as partners;

(b) if so, whether the Union Government has started process of signing Tripartite Agreement with State Electricity Boards and NTPC;